

DIRECT TESTIMONY
OF
STEVEN A.J. CIANFARINI
ENGINEERING DEPARTMENT
ENERGY DIVISION
ILLINOIS COMMERCE COMMISSION

UNION ELECTRIC COMPANY

d/b/a

AmerenUE

DOCKET NO. 01-0709

JULY 9, 2002

1 Q. Please state your name and business address.

2 A. My name is Steven A.J. Cianfarini and my business address is Illinois
3 Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois
4 62701.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Illinois Commerce Commission ("Commission") as a
7 Senior Energy Engineer in the Engineering Department of the Energy
8 Division.

9 Q. Please state your educational background.

10 A. I earned a Bachelor of Science degree in Mechanical Engineering from
11 Drexel University, Philadelphia, Pennsylvania. Also, I have completed
12 approximately half the course work towards an M.S. in Engineering
13 Management at Drexel University. Furthermore, I hold the Pennsylvania
14 equivalent of the Illinois Professional Engineer Intern Certification.

15 Q. Please state your professional work experience.

16 A. I was employed by the Philadelphia Gas Works ("PGW") for over 12 years
17 in the Distribution Department. I worked as a Natural Gas Operations
18 Supervisor for over 6 years and as a Staff Engineer in the Planning
19 Section of the Distribution Department for an additional 6 years. I have
20 designed many major natural gas facilities for PGW.

21 Q. What are your duties and responsibilities as a Senior Energy Engineer in
22 the Engineering Department?

23 A. My primary responsibilities and duties are in the performance of studies
24 and analyses dealing with the day-to-day, and long-term, operations and
25 planning of the gas utilities serving Illinois. For example, I review
26 purchased gas adjustment clause reconciliations, rate base additions,
27 levels of natural gas used for working capital, and review utilities'
28 applications for Certificates of Public Convenience and Necessity. I also
29 perform utility gas meter test shop audits.

30 Q. What is the purpose of this proceeding?

31 A. On November 7, 2001, the Commission initiated its annual reconciliation
32 of the Purchased Gas Adjustment ("PGA") for calendar year 2001, as filed
33 by Union Electric Company ("UE" or "Company"), pursuant to Section 9-
34 220 of the Illinois Public Utilities Act ("Act"). This investigation was

initiated to determine whether UE's PGA clause reflects actual costs of gas and gas transportation for calendar year 2001 and whether those purchases were prudent.

Q. What is your assignment within this proceeding?

A. My assignment is to determine if UE's natural gas purchasing decisions made during the reconciliation period were prudent.

Q. Have you made a determination if UE's natural gas purchasing decisions made during the reconciliation period were prudent?

A. Yes. Using the Commission's criteria for prudence, I have determined UE's natural gas purchasing decisions were prudent.

Q. What criteria does the Commission use to determine prudence?

A. The Commission has defined prudence as:

[...] that standard of care which a reasonable person would be expected to exercise under the circumstances encountered by utility management at the time decisions had to be made. In determining whether or not a judgment was prudently made, only those facts available at the time the judgment was exercised can be considered. Hindsight review is impermissible.

Imprudence cannot be sustained by substituting one's judgment for that of another. The prudence standard

56 **recognizes that reasonable persons can have honest**
57 **differences of opinion without one or the other**
58 **necessarily being 'imprudent'. (Docket No. 84-0395,**
59 **p.17).**
60

61 Q. What material did you review to determine the prudence of UE's
62 natural gas purchasing decisions during the reconciliation period?

63 A. I reviewed the direct testimony of UE witnesses James J.
64 Massmann and Thomas M. Golden. I also reviewed Company
65 responses to numerous Staff data requests that directly addressed
66 issues related to the prudence of UE's natural gas purchasing.
67 Finally, I reviewed the Company's many gas supply contracts and
68 supporting workpapers at UE's headquarters in St. Louis.

69 Q. Does this conclude your direct testimony?

70 A. Yes, it does.

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION

On Its Own Motion

-vs-

UNION ELECTRIC COMPANY

Reconciliation of revenues collected under gas
adjustment charges with actual costs prudently
incurred.

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01-0709

NOTICE OF FILING

TO ATTACHED SERVICE LIST:

YOU ARE HEREBY NOTIFIED that we have, on this 9th day of July, 2002, forwarded to the Chief Clerk of the Illinois Commerce Commission, for filing in the above-captioned docket, the Direct Testimony of the Illinois Commerce Commission Staff Witness Steven Cianfarini, of the Energy Division, Engineering Department, a copy of which is hereby served upon you.

Steven R. Knepler
Supervisor
Accounting Department
527 East Capitol Avenue
Springfield, IL 62701

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT copies of the foregoing Notice, together with the documents referred to therein, were served upon the parties on the attached Service List, by messenger, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Springfield, Illinois, on this 9th day of July, 2002.

Steven R. Knepler
Supervisor
Accounting Department

UNION ELECTRIC COMPANY
Docket No. 01-0709
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ILLINOIS COMMERCE COMMISSION

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Steven Knepler, Accounting Department
Steven Cianfarini, Engineering Department